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Inc., ITG Inc., ITG Solutions Network, Inc., and The
Macgregor Group, Inc.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

INVESTMENT TECHNOLOGY GROUP, INC., ITG INC., ITG SOLUTIONS NETWORK, INC., and THE MACGREGOR GROUP, INC.
 	
                      Plaintiffs,
 	
     v.
 	
LIQUIDNET HOLDINGS, INC.
 	
                      Defendant.
	C.A. No. 1:07-cv-00510-SAS

**AFFIDAVIT OF JAMES MARK WRIGHT IN SUPPORT OF
ITG'S MOTION FOR SUMMARY JUDGMENT**

I, James Mark Wright, swear and affirm as follows:

1.   I have personal knowledge of the facts and statements set forth herein, and, if called to

testify, would competently testify thereto.

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2.   I submit this affidavit in support of ITG's motion for summary judgment.

3.   I am a Managing Director of ITG, Inc., 380 Madison Ave., New York NY 10017.

4.

5.   ITG is an agency broker that offers a variety of products and services to institutional investors. The products and services include portfolio management services such as portfolio optimization services, pre-trade data and analytic services, execution management and connectivity services (i.e., execution management systems(EMS), crossing services (i.e., POSIT), ITG Algorithms, and ITG trade desk), and post-trade services and analytics.

6.   In an investment firm, an investment manager or portfolio manager typically makes the strategy decisions regarding which assets the firm should buy and sell for that fund, and enters instructions, called "orders", into the OMS from a graphic user interface (GUI) on his computer. For example, manager of "A Fund" enters an instruction to buy 100,000 shares of IBM with a maximum price = $130.50. Records of orders are maintained in the firm's central order management system (OMS) database, which holds all such records for the entire firm.

7.   Buy-side traders typically manage the "slicing and dicing" of orders assigned to them, i.e., they manage the actual buying and selling of assets for the firm. This is sometimes called "working" the order. Depending on the firm, a trader may be responsible for the buying and selling of assets on a fund basis, asset basis, customer basis, or be responsible for a specific asset category, such as large-cap U.S. companies.

8.   Traders use software-based OMS to manage the orders that are their responsibility. OMSs include a GUI commonly referred to as the order blotter or just blotter. Traders call this GUI the "blotter" because traders used to manage the same order information on a paper

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"blotters." Using an OMS (or EMS), the trader can electronically place, change, cancel, and update his orders, and receive execution information electronically, without using the phone.

9.   OMSs employ central OMS databases for storing the order data for the entire firm in a central location.

10.   MacGregor XIP is an OMS

11.   The old-fashioned way of trading involves a trader picking up the phone and calling a sell-side broker to fill orders. The act of committing an order with a broker is sometimes called a "placement." The following example illustrates one basic way that orders are submitted: Trader A calls a broker-dealer and places a "firm," or binding, order to buy 25,000 shares of IBM at the market price if the price stays below $130.50. Trader A then records that placement into his OMS blotter. When the trade is executed by the broker-dealer, execution information is provided to Trader A, who updates his blotter. The OMS database record also is updated.

Channel

12.   ITG has over the past several decades worked to address the ease with which traders submit orders to POSIT. Through this effort, ITG has streamlined access to POSIT. ITG introduced Channel to facilitate access to ITG trading destinations, such as POSIT. The foundations of this effort were laid when ITG built its first execution management system, QuantEX, which provided electronic access to POSIT.

Channel included several features that were not present in QuantEX. For example, Channel has a simple labor-saving device to remember what the client

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had submitted to previous matches. Additionally, Channel has some other filtering tools to help traders identify which firm orders they want to place in a match. The enhancements of Channel made it very easy for traders to select which orders to submit for a match. Moreover, Channel made selecting orders easier by having a component to pull some of the order data from whatever system traders were running to provide that input.

13.   Channel most resembles an execution management system (EMS) because it is a tool for submitting orders electronically to trading destinations such as ITG algorithms and ITG's crossing network, POSIT. Traders can use Channel to "slice and dice" orders. Channel has many features that allow users to route orders to ITG algorithms and other ITG trading destinations. However, Channel does not offer the full complement of features typically provided by an EMS, such as ITG's Triton.

14.

15.   Although unplaced share information can be manually typed into Channel, in the typical model, unplaced shares from an OMS are electronically copied into Channel.

16.

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17.   As an EMS, Channel is not a destination for trades. Rather it is a desktop trading tool,

like an OMS, day trading system, or market data terminal, that has data entry links for sending

firm orders to POSIT, ITG's suite of trading algorithms ("ITG Algorithms"), and the ITG trading

desk—   Once unplaced

shares are in Channel, they can be placed in a variety of ITG trading destinations, such as:

POSIT, ITG algorithms, and ITG's trade desk. Channel also enables traders to expose unplaced

share information to the POSIT Alert system—

        A trader can control which orders in Channel are exposed to POSIT Alert.

18.

19.

20.

21.

ITG Trading Destinations

22.   ITG has three trading destinations: POSIT, ITG Algorithms and ITG trading desk.

POSIT is a distinct crossing system that is registered with the SEC under Regulation ATS as two

alternative trading systems: POSIT Match and POSIT Now.

23.   POSIT receives firm orders from a variety of sources (e.g., OMSs and EMSs) and

executes firm orders.

24.

25.

26.   ITG also offers a suite of Algorithmic trading solutions, which is a different type of

destination for firm orders. The trader manually sends a firm order from Channel to the

algorithm of his or her choice. A corresponding algorithmic trading server breaks that firm order

into portions (i.e., smaller firm orders) and places them in one or more trading destinations

(including both ITG and/or non-ITG destinations (NYSE, other ATSs, etc.), according to the

algorithm that is chosen. The trading destinations match and execute the orders.

27.   The following example illustrates how ITG Algorithms work:

Trader 1 sends a firm order to buy 50,000 shares of IBM to an ITG Algorithm. The algorithm

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places a firm order for 20,000 shares in POSIT, a firm order for 15,000 shares in BATS, and a firm order for 15,000 shares in ARCA (both non-ITG trading destinations). All three trades are matched, executed, and reported back to Trader 1's Channel and OMS.

28.   The ITG trading desk acts as a traditional broker, "working" the order manually as a "sales trader" (i.e., the sell side). The trading desk receives firm orders from traders through Channel

29.   The following example illustrates how the trading desk works:

Trader 1 sends from Channel a firm order to buy 50,000 IBM to the ITG trading desk. A sales trader receives the order, manually or electronically works the order using his own tools
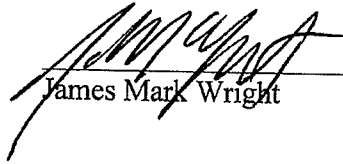
POSIT Alert

30.   POSIT Alert is an alerting mechanism, not a trading destination. POSIT Alert cannot execute trades. Firm orders need to be sent to POSIT in order to be executed.

31.   POSIT Alert merely tells the trader that it is a good time to attempt a trade in POSIT. Hitting buttons in Channel to send a firm order to POSIT does not complete a POSIT Alert trade nor constitute "assent" to the terms of any POSIT Alert order.

32.   POSIT Alert has no features that allow for negotiation. The identity and number of counterparties is never exposed to a POSIT Alert user, nor are any of a counterparty's terms. Instead, a pop-up is presented that merely identifies the symbol of an equity. Pressing the pop-up navigates the user to another window that allows the trader to manually enter and send a firm order from Channel to POSIT for whatever quantity the trader wants.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: August 20, 2010

James Mark Wright